United Nations Convention on the Law of the Sea SPLOS/258

Meeting of States Parties

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Report on budgetary matters for the financial periods 2011-2012 and 2013-2014

Presented by the Registrar of the International Tribunal for the Law of the Sea

I. Performance report for 2011-2012

1. In June 2010, the twentieth Meeting of States Parties approved a budgetary amount of €20,398,600 for the financial period 2011-2012 (SPLOS/217). With a view to providing the Tribunal with the necessary financial means to deal with cases in 2011-2012, in particular Case No. 16 and urgent cases requiring expeditious proceedings, the Meeting approved an amount of €4,519,200 under part C, "Case-related costs". This amount was included in the total appropriation amounting to €20,398,600. The Meeting further decided that a floor rate of 0.01 per cent and a ceiling rate of 22 per cent would be used in establishing the rate of assessment for States parties for the budget of the Tribunal for 2011-2012.

2. As shown in the performance report for the financial period 2011-2012 (see annex I to the present report), the total expenditure for that period stands at €19,223,375, representing 94.24 per cent of the total appropriations (€20,398,600). This performance can be explained by the optimum use of resources based on an increased judicial workload. It may be noted that the appropriations approved for the financial period 2011-2012 were used to cover expenses relating to the hearing and the initial deliberations of the Tribunal as well as the meeting of the Drafting Committee in Case No. 18, a case on the merits which was filed in November 2010. In addition, one urgent request for provisional measures in Case No. 20 was submitted to the Tribunal on 14 November 2012 and the Tribunal delivered its order prescribing provisional measures in the case on 15 December 2012.

3. Under budget section 11, "Judges", an overexpenditure of €133,422 occurred in the budget line "annual allowances". This overexpenditure was mainly due to the fact that two judges whose term ended in September 2011 continued to sit in Case No. 16 in accordance with the Rules of the Tribunal (ITLOS/8) from October 2011 until March 2012. During that period the two judges continued to receive their annual allowance while their pension payments were suspended. Another factor

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which explains the overexpenditure is the revision of the remuneration of the members of the Tribunal which occurred twice during the financial period, in January 2011 and January 2012. It should also be noted that the special allowance of the President was revised from $15,000 per annum to $25,000 per annum for the period from July to December 2012 in accordance with the decision of the Meeting of States Parties (see SPLOS/251, para. 35).

4. The overexpenditure under budget line 4, "special allowances", in the amount of €33,814 is largely due to the increase in the daily subsistence allowance rate for Hamburg from €247 which was used in the 2011-2012 budget appropriations, to €255, effective 1 November 2010 and, then to €317, effective 1 October 2011. The overexpenditures totalling €167,236 under the budget lines "annual allowances" and "special allowances" were fully absorbed by the redeployment of appropriations in other budget lines under the same section, where savings were achieved. As a result this section shows a final balance of €89,918.

5. Under section 2, "Staff costs", savings amounting to €384,905 were made, largely owing to vacant positions in the Registry during the period under review.

6. Section 3, "Representation allowance", shows a negative balance of €105. This overexpenditure is entirely due to the depreciation of the euro against the United States dollar throughout the budget period. It is proposed that this overrun be financed by the savings from section 2, which shows savings of €384,905.

7. The budget line "miscellaneous services and charges (including bank charges)" under section 6, "Operating expenditures", also shows an overexpenditure of €4,506. The overexpenditure is caused by the increasing charges levied by the banks on international transactions as well as the higher volume of transactions during the financial period under review compared with previous periods. This overexpenditure was fully absorbed by the redeployment of appropriations within section 6. Section 6 shows savings in the amount of €29,340.

8. It may be noted that, if the case-related costs are excluded, the performance rate for the financial period would be 96.64 per cent.

II. Report on action taken pursuant to the decision of the twenty-second Meeting of States Parties concerning the budget of the Tribunal for 2013-2014

9. In June 2012, the twenty-second Meeting of States Parties took the following decision (SPLOS/250, para. 1):

> The Meeting of States Parties, having considered the draft budget proposals of the International Tribunal for the Law of the Sea for 2013-2014 (SPLOS/2012/WP.1), approved the amount of 21,239,120 euros as the budget of the Tribunal for 2013-2014, which represents a 3 per cent reduction of the proposed budget as it appears in annex I to the above-mentioned document.

10. Pursuant to that decision, the appropriations approved for 2013-2014 were reduced by €656,880 from the proposed amount (€21,896,000). At its thirty-fourth session, in September 2012, the Tribunal considered ways of achieving the reduction and decided:

(a) To decrease the budget lines under part A (Recurrent expenditure) and part B (Non-recurrent expenditure) by €234,600 as indicated below:

Budget line	*Object of expenditure*	*Amount of reduction (in euros)*
1.3	Travel to sessions	4 700
1.5	Judges' common costs	18 000
2.1	Established posts	77 400
2.5	Overtime	3 000
2.6	Temporary assistance for meetings	12 000
2.7	General temporary assistance	5 000
2.8	Training	3 000
4	Official travel	5 000
5	Hospitality	400
6.1	Maintenance of premises	60 000
6.2	Rental and maintenance of equipment	9 900
6.3	Communications	5 400
6.4	Miscellaneous services and charges	1 100
6.5	Supplies and materials	3 400
6.6	Special services (external audit)	6 000
7.1	Library — procurement of books and publications	5 000
7.3	External printing and binding	12 500
8.1	Purchase of equipment	2 800

(b) To effect decreases totalling €422,280 under part C (Case-related costs) as follows:

(i) Based on past performance, the provision for subsistence allowance for preparatory work is shortened from a total of 90 days (9 days for 10 judges) per urgent case to 20 days (5 days for 4 judges) per urgent case. This leads to a reduction of €31,073 per case and a total of €93,220 for the full budget period;

(ii) An additional amount of €329,060 is cut from the remainder of the appropriations envisaged for a third urgent proceeding (€713,360). After this cut, the amount of €384,300 (€713,360 minus €329,060) is still available to handle a third urgent proceeding. Should a third urgent case be submitted to the Tribunal, the amount equal to the reduction (€329,060) could be financed — to the extent that these expenses could not be met from part C (Case-related costs) or by transferring funds between appropriation sections — by the Working Capital Fund (the part of the Working Capital Fund specially devoted to cases amounts to €417,014).

11. A revised budget table for 2013-2014 reflecting the above reduction is contained in annex II to the present document.

III. Report on action taken pursuant to the Financial Regulations of the Tribunal

A. Surrender of cash surplus from the financial period 2009-2010

12. Pursuant to the information communicated to the Meeting of States Parties (see SPLOS/250, para. 2), an amount of €1,873,979 was surrendered to States parties and deducted from their contributions for 2013 and for earlier financial periods, where applicable, in accordance with regulation 4 of the Financial Regulations of the Tribunal.

B. Investment of funds of the Tribunal

13. In respect of the investment of funds of the Tribunal, regulation 9 of the Financial Regulations of the Tribunal stipulates the following:

> 9.1 The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.
>
> [...]
>
> 9.2 Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account.

14. In 2011 and 2012, the Tribunal's funds were kept in Chase Bank and Deutsche Bank in United States dollars and euros as short-term investments, which are investments made for less than 12 months according to rule 109.1 of the Financial Rules of the Tribunal. The funds yielded interest amounting to €94,020 during 2011 and 2012. This earned interest has been credited as miscellaneous income in accordance with regulation 9.2 of the Financial Regulations of the Tribunal.

C. Trust fund for the law of the sea

15. At its twenty-eighth session, the Tribunal approved the Registrar's proposal to establish a trust fund for the law of the sea in accordance with the Financial Regulations of the Tribunal. The Registrar established the new trust fund for the law of the sea with the Deutsche Bank in Hamburg. The trust fund is intended to promote the advancement of human resources in developing countries in the law of the sea and maritime affairs in general. Contributions to be made to the trust fund will be used to give financial assistance for the participation of applicants from developing countries in the Tribunal's internship programme and the summer academy.

16. The first contribution to the trust fund, in the amount of €25,000, was made in 2010 by Korwind, a Hamburg-based company from the Republic of Korea working in the field of renewable energy. The Korea Maritime Institute made contributions of €15,000 in October 2011 and December 2012. Since July 2012 the trust fund has been used to support the Tribunal's internship programme and provide financial assistance to interns from developing countries. The performance of the Trust Fund up to 31 December 2012 can be summarized as follows (in euros):

Contributions	55 000
Interest income	68
Total income	**55 068**
Expenditures on participants and authorized activities	(14 562)
Bank charges	(514)
Available balance	**39 992**

D. Korea International Cooperation Agency trust fund

17. The Korea International Cooperation Agency (KOICA) offered to provide a grant of $150,000, pursuant to a memorandum of understanding signed between the Tribunal and KOICA on 9 March 2004, to finance the expenses of participants from developing countries in the Tribunal's internship programme.

18. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account named "KOICA Grant" was set up with Deutsche Bank for this purpose. When the funds, amounting to $150,000, were received from KOICA in March 2004, they were converted into €120,600 on the basis of the United Nations exchange rate prevailing at the time.

19. In March 2006, the Tribunal received from KOICA its second contribution to the KOICA trust fund, in the amount of $100,000. This amount was converted into €84,400 on the basis of the United Nations exchange rate.

20. Following the signing of additional memorandums of understanding between the Tribunal and KOICA, further contributions totalling €422,045 were received during the period 2007-2009 (€213,645 on 27 February 2007, €128,400 on 5 May 2008 and €80,000 on 16 June 2009) to finance the internship programme of the Tribunal, the organization of regional workshops and the participation of students from developing countries in the summer academy organized by the International Foundation for the Law of the Sea.

21. All financial resources of the KOICA grant were used during the 2011-2012 financial period and the special account was closed in July 2012.

22. The performance of the KOICA grant as at 31 December 2012 is reported to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal, as follows (in euros):

2011-2012 contributions	0
Interest income	20
Total income	**20**
Expenditure on participants and authorized activities	(35 224)
Reserves from prior periods	35 204
Available balance	**0**

E. Nippon Foundation trust fund

23. In March 2007, the Tribunal and the Nippon Foundation signed the Nippon Foundation grant agreement. Pursuant to the agreement, the Nippon Foundation agreed to contribute an amount of €200,000 to the Nippon Foundation-International Tribunal for the Law of the Sea Capacity-Building and Training Programme on Dispute Settlement under the United Nations Convention on the Law of the Sea.

24. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account named "Nippon Foundation Grant" was set up with Deutsche Bank. The purpose of the grant is to finance the expenses of participants from developing countries in the aforementioned programme.

25. The second contribution in the amount of €200,000 was made to the Tribunal in March 2008, the third in the same amount in March 2009, and the fourth, fifth and sixth in the amount of €230,000 each in March 2010, March 2011 and March 2012, respectively. The performance of the Nippon Foundation grant as at 31 December 2012 is reported to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal, as follows (in euros):

Grants from the Nippon Foundation	460 000
Interest income	2 805
Miscellaneous income	18
Total income	**462 823**
Expenditures on participants and authorized activities	(433 211)
Bank charges	(653)
Non-refundable tax	(784)
Accounts receivable	(1 050)
Loss on exchange	(9)
Reserves from prior periods	208 142
Available balance	**235 258**

F. China Institute of International Studies trust fund

26. Following the signing of a memorandum of understanding between the Tribunal and the China Institute of International Studies (CIIS) on 3 May 2012, a trust fund, designated as the CIIS grant, was set up to support the Tribunal's internship programme, the summer academy of the International Foundation for the Law of the Sea and other projects including regional workshops. A contribution from CIIS to the grant in the amount of €100,000 was received on 20 June 2012. As at 31 December 2012, the only charges recorded were €21,000 to support the 2012 summer academy and bank charges in the amount of €105, and the balance stood at €79,005.

Annex I

Performance report, 2011-2012 (in euros)

Line	*Part Section*	*Objects of expenditure*	*2011-2012 approved budget*	*2011 expenditure (as at 31 December 2011)*	*2012 disbursement (as at 31 December 2012)*	*2011-2012 total expenditure (as at 31 December 2012)*	*Balance*	*Total expenditure/ approved budget (percentage)*
1	A	**Recurrent expenditure**						
2	1	**Judges**	**5 022 500**	**2 364 322**	**2 568 260**	**4 932 582**	**89 918**	
3		Annual allowances	2 931 100	1 537 336	1 527 186	3 064 522	(133 422)	104.55
4		Special allowances	778 700	361 002	451 512	812 514	(33 814)	104.34
5		Travel to sessions	277 500	126 484	101 803	228 287	49 213	82.27
6		Judges' pension scheme	901 300	296 325	416 268	712 593	188 707	79.06
7		Common costs	133 900	43 175	71 491	114 666	19 234	85.64
8								
9	2	**Staff costs**	**7 333 900**	**3 384 853**	**3 564 142**	**6 948 995**	**384 905**	
10		Established posts	4 866 800	2 364 591	2 263 937	4 628 528	238 272	95.10
11		Common staff costs	2 034 200	863 033	1 066 503	1 929 536	104 664	94.85
12		Overtime	32 400	15 024	14 554	29 578	2 822	91.29
13		Temporary assistance for meetings	210 300	78 731	115 507	194 238	16 062	92.36
14		General temporary assistance	118 100	34 991	66 413	101 404	16 696	85.86
15		Training	72 100	28 483	37 228	65 711	6 389	91.14
16	3	**Representation allowance**	**11 300**	**5 495**	**5 910**	**11 405**	**(105)**	100.93
17	4	**Official travel**	**185 300**	**48 863**	**126 453**	**175 316**	**9 984**	94.61
18	5	**Hospitality**	**13 900**	**4 157**	**7 934**	**12 091**	**1 809**	86.99
19	6	**Operating expenditures**	**2 833 100**	**1 213 152**	**1 590 608**	**2 803 760**	**29 340**	
20		Maintenance of premises (including security)	2 099 100	901 656	1 185 934	2 087 590	11 510	99.45
21		Rental and maintenance of equipment	361 400	166 584	183 746	350 330	11 070	96.94
22		Communications	197 200	77 957	109 166	187 123	10 077	94.89
23		Miscellaneous services and charges (including bank charges)	40 000	21 997	22 509	44 506	(4 506)	111.27
24		Supplies and materials	123 900	44 958	78 803	123 761	139	99.89
25		Special services (external audit)	11 500	0	10 450	10 450	1 050	90.87

Line	Part Section	Objects of expenditure	2011-2012 approved budget	2011 expenditure (as at 31 December 2011)	2012 disbursement (as at 31 December 2012)	2011-2012 total expenditure (as at 31 December 2012)	Balance	Total expenditure/ approved budget (percentage)
26	7	**Library and related costs**	**324 600**	**116 043**	**200 689**	**316 732**	**7 868**	
27		Library — procurement of books and publications	234 600	103 924	129 133	233 057	1 543	99.34
28		External printing and binding	90 000	12 119	71 556	83 675	6 325	92.97
29								
30	B	**Non-recurrent expenditure**						
31	8	**Furniture and equipment**						
32		Purchase of equipment	**154 800**	**25 299**	**118 881**	**144 180**	**10 620**	93.14
33								
34	C	**Case-related costs**	**4 519 200**	**1 369 635**	**2 508 679**	**3 878 314**	**640 886**	85.82
35	10	**Judges**	**3 309 000**	**897 384**	**1 826 016**	**2 723 400**	**585 600**	82.30
36		Special allowances	2 685 100	773 657	1 598 063	2 371 720	313 380	88.33
37		Compensation to judges ad hoc	246 200	95 880	108 538	204 418	41 782	83.03
38		Travel to meetings, including judges ad hoc	377 700	27 847	119 415	147 262	230 438	38.99
39	11	**Staff costs**	**1 210 200**	**472 251**	**682 663**	**1 154 914**	**55 286**	95.43
40		Temporary assistance for meetings	1 142 700	453 708	654 933	1 108 641	34 059	97.02
41		Overtime	67 500	18 543	27 730	46 273	21 227	68.55
42	12	**Miscellaneous**	**0**	**0**		**0**	**0**	
43								
44	D	**Working Capital Fund**	**0**	**0**		**0**	**0**	
45								
46		**Total**	**20 398 600**	**8 531 819**	**10 691 556**	**19 223 375**	**1 175 225**	**94.24**

Annex II

Revised budget table for 2013-2014 (in euros)

Part Section	*Objects of expenditure*	*Approved budget 2007-2008*	*Performance 2007-2008*	*Approved budget 2009-2010*	*Performance 2009-2010*	*Approved budget 2011-2012*	*Approved budget 2013-2014*	*Note*	*Biennial increase (decrease)*
A	**Recurrent expenditure**								
1	**Judges**	**4 385 900**	**4 153 204**	**4 593 795**	**4 464 146**	**5 022 500**	**5 228 000**		**205 500**
1.1	Annual allowances	2 720 000	2 669 432	2 858 782	2 868 818	2 931 100	3 013 400		82 300
1.2	Special allowances	719 600	707 096	805 913	729 715	778 700	909 600		130 900
1.3	Travel to sessions	256 500	213 411	267 600	206 240	277 500	282 500		5 000
1.4	Pension scheme	587 500	473 009	587 100	631 105				
1.4.1	Pension in payment					612 500	825 900		213 400
1.4.2	Pension for seven judges starting in October 2014					288 800	54 800	[a]	(234 000)
1.5	Common costs	102 300	90 256	74 400	28 268	133 900	141 800		7 900
2	**Staff costs**	**6 985 800**	**6 690 635**	**7 054 600**	**6 993 702**	**7 333 900**	**7 130 000**		**(203 900)**
2.1	Established posts	5 668 800	4 440 739	5 790 400	4 615 814	5 974 000	5 718 000	[b]	(256 000)
2.2	Staff assessment/credit	(1 144 600)		(1 170 400)		(1 107 200)	(1 053 800)		53 400
2.3	Reimbursement of national taxes	30 000	25 563	0			0		0
2.4	Common staff costs	1 991 900	1 809 161	1 991 900	2 000 033	2 034 200	2 045 000		10 800
2.5	Overtime	39 000	32 986	39 000	28 876	32 400	29 400		(3 000)
2.6	Temporary assistance for meetings	210 500	192 562	210 500	188 486	210 300	207 200		(3 100)
2.7	General temporary assistance	121 100	120 584	121 100	93 724	118 100	113 100		(5 000)
2.8	Training	69 100	69 040	72 100	66 769	72 100	71 100		(1 000)
3	**Representation allowance**	**12 800**	**10 798**	**10 000**	**11 227**	**11 300**	**11 300**		**0**
4	**Official travel**	**177 600**	**177 598**	**185 300**	**159 436**	**185 300**	**180 300**		**(5 000)**
5	**Hospitality**	**13 500**	**12 860**	**13 900**	**13 171**	**13 900**	**13 900**		**0**
6	**Operating expenditures**	**2 654 100**	**2 559 891**	**2 771 400**	**2 636 939**	**2 833 100**	**2 898 500**		**65 400**
6.1	Maintenance of premises including security	1 953 000	1 919 030	2 033 100	1 995 133	2 099 100	2 165 600		66 500
6.2	Rental and maintenance of equipment	346 400	310 966	361 400	324 594	361 400	361 400		0
6.3	Communications	189 000	175 214	197 200	162 673	197 200	197 200		0
6.4	Miscellaneous services and charges (including bank charges)	39 500	27 787	41 200	34 197	40 000	40 000		0

Part Section	Objects of expenditure	Approved budget 2007-2008	Performance 2007-2008	Approved budget 2009-2010	Performance 2009-2010	Approved budget 2011-2012	Approved budget 2013-2014	Note	Biennial increase (decrease)
6.5	Supplies and materials	118 700	118 694	123 900	109 082	123 900	123 900		0
6.6	Special services (external audit)	7 500	8 200	14 600	11 260	11 500	10 400		(1 100)
7	**Library and related costs**	**317 000**	**315 941**	**327 000**	**304 489**	**324 600**	**316 000**		**(8 600)**
7.1	Library — procurement of books and publications	227 400	227 376	234 600	231 411	234 600	236 000		1 400
7.2	Start-up costs of library								
7.3	External printing and binding	89 600	88 565	92 400	73 078	90 000	80 000		(10 000)
B	**Non-recurrent expenditure**								
8	**Furniture and equipment**	**150 000**	**149 187**	**154 800**	**153 021**	**154 800**	**154 800**		**0**
8.1	Purchase of equipment	150 000	149 187	154 800	153 021	154 800	154 800		0
8.2	Purchase of special equipment								
9	**Alteration to premises**	**112 000**	**112 000**	**0**	**0**	**0**	**0**		**0**
C	**Case-related costs**								
10	**Judges**	**1 851 700**	**387 044**	**2 030 855**	**790 966**	**3 309 000**	**3 982 130**		**673 130**
10.1	Special allowances	1 488 500	319 355	1 647 554	676 661	2 685 100	3 180 990		495 890
10.2	Compensation to judges ad hoc	92 100	5 199	100 201	1 879	246 200	294 210		48 010
10.3	Travel to meetings, including judges ad hoc	271 100	62 490	283 100	112 426	377 700	506 930		129 230
11	**Staff costs**	**554 300**	**168 875**	**580 900**	**302 295**	**1 210 200**	**1 324 190**		**113 990**
11.1	Temporary assistance for meetings	509 300	147 316	535 900	280 481	1 142 700	1 261 940		119 240
11.2	Overtime	45 000	21 559	45 000	21 814	67 500	62 250		(5 250)
D	**Working Capital Fund**	**0**	**0**	**0**	**0**	**0**	**0**		**0**
	Total	**17 214 700**	**14 738 033**	**17 722 550**	**15 829 392**	**20 398 600**	**21 239 120**		**840 520**

Note: The inflation factor is 1.81 per cent (average from March 2010 to February 2012 established by the Federal Statistical Office of Germany).

[a] Pension for seven judges whose term of office expires on 30 September 2014. The actual amount to be paid will depend on the result of the election in 2014.

[b] Budget information system, standard salary costs (version 11, applicable to The Hague, 2013).